

**DEPARTMENT OF TRANSPORTATION
GOVERNOR'S TRAFFIC CONGESTION RELIEF PROGRAM**

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*Flex your power
Be energy efficient!*

August 15, 2003

TO: All TCRP Applicant and Implementing Agencies

The Fiscal Year (FY) 2003-04 State budget and two trailer bills impacting the Governor's Traffic Congestion Relief Program (TCRP) have now been passed by the Legislature and signed into law by Governor Davis. Assembly Bill (AB) 1750 partially suspends the transfer of revenues from the General Fund to the Transportation Investment Fund (TIF) for the 2003-04 fiscal year, limiting the transfer to \$289 million. AB 1751 specifies that of the amount transferred, \$189 million is appropriated for TCRP projects. Included in this amount is \$31 million for Department of Transportation (Department) capital outlay support activities. The remaining \$100 million is to be transferred to the State Highway Account (SHA) as a partial repayment of previously authorized loans from the SHA to the Traffic Congestion Relief Fund (TCRF). Furthermore, AB 1751 restores full funding for the TCRP by stipulating that funds lost due to the partial suspension, under AB 1750, be repaid by the General Fund in FY 2008-09.

The \$189 million included in the budget provides resources to continue work on the TCRP projects and phases of projects that were underway and had received an allocation of funds prior to December 2002. This amount is essentially the level of funding required to meet the FY 2003-04 cash-flow demands identified in the California Transportation Commission (Commission) survey of lead agencies conducted in February 2003. **Assuming actual expenditures do not exceed the level identified in the survey, the \$189 million does provide sufficient cash to allow the Department to make timely reimbursements to all local and regional agencies for actual costs incurred in FY 2003-04.**

AB 1751 did reduce, by \$18 million, the level of funding for the Department's capital outlay support compared to that requested in the Governor's Budget May Revision. Additionally, all vacant positions that existed within the Department as of June 30, 2003 were abolished, and all departments are developing further reduction plans required by the budget act. The Department is currently developing its reduction plan, but it is too early to tell what the specific effects will be on TCRP projects.

The FY 2003-04 appropriation does not appear to provide sufficient resources that will allow the Commission to resume allocating new funds. Also, an additional appropriation of approximately \$243 million is required in future fiscal years to complete the work covered by an existing allocation.

The current focus on TCRP projects is to assess existing resources and develop measures that allow TCRP projects to move forward, even beyond existing allocation levels, for priority projects. The Commission adopted of the Guidelines for Approving an AB 1335 Letter of No Prejudice for Traffic Congestion Relief Program (TCRP) Projects at its August meeting. The Department and Commission staff will initiate discussions in developing criteria to prioritize projects for existing and future resources.

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Within the next few weeks, we will initiate the Fall 2003 TCRP Progress Report. Additional instructions will be distributed at that time. Each lead agency will be requested to update current cost and schedule information, cash flow requirements for project phases with an existing allocation, potential projects for proceedings under an approved Letter of No Prejudice, and expected allocations with request amounts (and dates) for phases that have not yet received an allocation of TCRFs. We hope to also collect information that will establish priorities for future allocations. The results of the Progress Report will be used to verify current year resources and to project resource needs in upcoming budget years.

I want to thank you for your cooperation and patience throughout the FY 2003-04 budget development cycle. It is our desire that the resources provided in the budget, combined with flexible and innovative funding strategies, allows the TCRP to continue forward until full funding resumes in future budgets.

Sincerely,

ORIGINAL SIGNED

ROSS A. CHITTENDEN
Acting Program Manager
Governor's Traffic Congestion Relief Program

cc: Regional Transportation Planning Agencies
TCRP Project Managers/Coordinators